

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 EB-07
NSC-05 EPG-02 SS-15 STR-04 OMB-01 CEA-01 L-03
CIAE-00 INR-07 NSAE-00 XMB-02 FRB-03 /076 W
-----114198 282054Z /73

R 281727Z JUN 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 4899
INFO AMEMBASSY LONDON
AMEMBASSY BONN
AMEMBASSY MOSCOW
AMEMBASSY ROME

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PASS TREASURY FOR UNDER SECRETARY SOLOMON

E. O. 11652: N/A
TAGS: EFIN
SUBJECT: LINE OF CREDIT TO USSR

REF: (A) STATE 146860, (B) PARIS 17167

1. CONCERNS EXPRESSED IN REFTEL CONVEYED TO KEY ACTION OFFICER AT FINANCE MINISTRY (PEBEREAU OF TRESOR). HE INDICATED A FULL AND CLEAR UNDERSTANDING OF U.S. CONCERNS ON BOTH COUNTS. HE SAID HE COULD NOT PREDICT HOW FRENCH POSITION ON INTEREST RATES WOULD COME OUT BECAUSE THE SUBJECT IS CURRENTLY OPEN FOR NEGOTIATION WITH THE RUSSIANS.

2. THIS IS CLEARLY A MATTER OF PERSONAL INTEREST TO GISCARD AND BARRE AND THEIR IMMEDIATE ADVISERS. FOLLOWING UP ON RECENT VANCE-GISCARD CONTACT AND BLUMENTHAL/SOLOMON BREAKFAST WITH BARRE, ASSUMING
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THIS SUBJECT NOT MENTIONED ON FORMER OCCASION, A PERSONAL PHONE CALL NOW MIGHT BE BEST WAY TO ENSURE THEY UNDERSTAND HIGH LEVEL OF US CONCERN. EMBASSY RECOMMENDS A SOLOMON-DELAROSIERE CALL ON THIS SUBJECT AS MOST LIKELY TO BE HELPFUL, SINCE THE LATTER (TO WHOM PEBEREAU REPORTS) APPEARS TO BE THE SENIOR GOF OFFICIAL

CHARGED WITH THIS SUBJECT.

3. EMBOFF LEARNED FROM QUAI ECONOMIC OFFICER THAT THE CREDIT AGREEMENTS SET FORTH IN THE FRENCH SOVIET COOPERATION PROGRAM WERE NOT RENEGOTIATED DURING BREZHNEV'S VISIT TO PARIS. THE FRENCH SOVIET TEN YEAR COOPERATION PROGRAM CALLS FOR A REGULAR RENEGOTIATION OF THE INTEREST RATES FOR CREDITS EXTENDED IN CONJUNCTION WITH INDUSTRIAL PROJECTS FALLING WITHIN THE PROGRAM. THE CURRENT AGREEMENT ENDS ON JULY 30, 1977 AND MUST BE RENEGOTIATED TO COVER THE PERIOD UNTIL THE END OF 1979. THE SOVIETS HAD PROPOSED THAT THE CURRENT RATES BE CONTINUED (7.20 PERCENT FOR PROJECTS OF MORE THAN 425 MILLION FRANCS AND 7.55 PERCENT FOR PROJECTS INVOLVING 20 TO 425 MILLION FRANCS), BUT THE FRENCH HAD INSISTED THEY BE RENEGOTIATED. THE QUAI OFFICER ANTICIPATES THE AGREEMENT WILL NOT BE CONCLUDED UNTIL SOME TIME DURING THE SUMMER WHEN SOVIET DEPUTY FOREIGN TRADE MINISTER V. M. IVANOV VISITS PARIS FOR THIS PURPOSE. ALTHOUGH HE IMPLIED SOME POSSIBILITY THAT RATES MIGHT BE NEGOTIATED UPWARD, HE REITERATED FRENCH POSITION THAT INTEREST RATE CONSENSUS NOT BINDING WITH RESPECT TO USSR IN VIEW OF PRIOR DATE OF 10-YEAR FRENCH-SOVIET TRADE AGREEMENT. HE ALSO MENTIONED CONCERN ABOUT POSSIBLE GERMAN UNDERCUTTING OF FRENCH LIMITED OFFICIAL USE

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CREDIT TERMS, IN VIEW OF PRIVATE BANK FINANCING OF MUCH OF GERMAN-USSR TRADE, WHICH IS NOT SUBJECT TO AN OVERALL BILATERAL AGREEMENT.
GAMMON

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 28-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition History: n/a
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Format: TEL
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Handling Restrictions: n/a
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ISecure: 1
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